



Munich Re Group

Quarterly statement as at 31 March 2021

6 May 2021

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Agenda

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02 ERGO

03 Reinsurance

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Munich Re

After solid start to the year, on track to achieve annual targets

Munich Re

Q1 2021 (Q1 2020)

Net result

€589m (€221m)

Reinsurance: Good operational development mitigates impact from major losses
ERGO: Strong result of €178m

Return on investment¹

2.7% (3.1%)

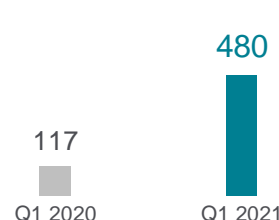
Solid return in line with expectations – reinvestment yield up to 1.5%

Return on equity¹

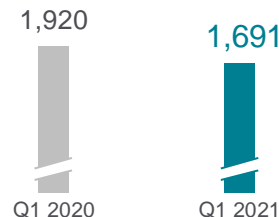
10.4% (3.9%)

Shareholders' equity: €29.4bn
Solvency II ratio: 217%

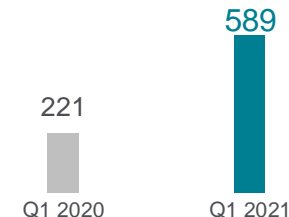
Technical result €m



Investment result €m



Net result €m



Reinsurance

Life and Health: Technical result, incl. fee income: €51m (€56m), incl. COVID-19 impact of –€167m – net result €52m (€8m)

Property-casualty: Combined ratio: 98.9% (106.0%) – Major-loss ratio: 15.5% (21.1%) incl. COVID-19 impact of ~ –€100m; reserve releases²: –4.0% (–4.0%) – net result €358m (€141m)

April renewals: Risk-adjusted price change: ~ +2.4%, premium change: +17.1%

ERGO

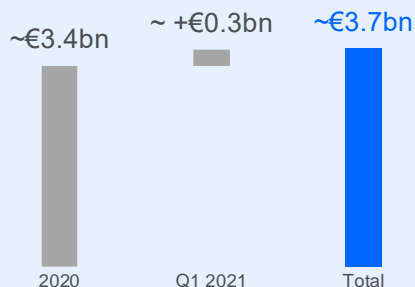
L&H Germany
RoI: 2.8% (2.7%) – net result €94m (€5m)

Property-casualty Germany
C/R: 94.2% (93.4%) – net result €24m (€21m)

International
C/R: 93.8% (95.2%) – net result €60m (€46m)

Accumulated COVID-19-related financial impact for 2020 and Q1 2021

Re-insurance (pre-tax)¹



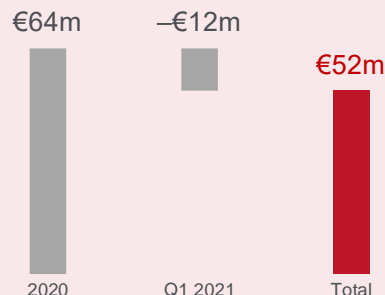
Contingency	1,744
Property/BI	1,003
Credit	203
D&O/WC	200
Marine	16
Life and Health	537

€m

Q1 2021: Provisions increased by ~€270m

- Increase in P-C: ~€100m (largely driven by contingency business), L&H: ~€167m
- P-C: 73% of the COVID-19 accumulated losses are IBNR, down from 78% as at year-end 2020
- COVID-19-related claims included in full-year 2021 guidance (as at December 2020)
 - P-C: ~€300m
 - L&H: ~€200m

ERGO (after tax)



Claims	39
Result impact from lost premiums	22
Other	-9

€m

Q1 2021: Earnings impact decreased by ~€12m

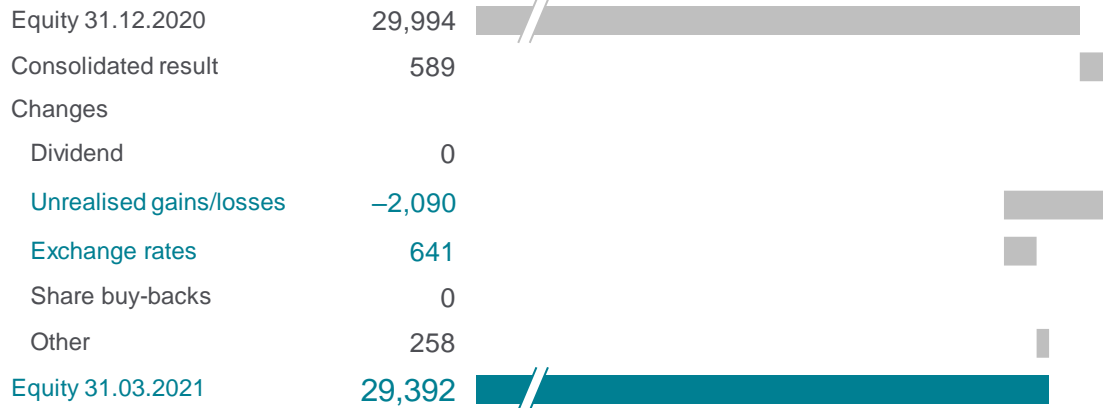
- Claims -€18m: Lower claims in travel and frequency benefits mainly in motor
- Result impact from lost premiums +€7m: Especially continued low travel activity
- COVID-19-related earnings impact of ~€90–100m included in full-year 2021 guidance (as at December 2020)

¹ Total incurred losses, including paid claims and reserves.

Capital position

Equity

€m



Unrealised gains/losses

Fixed-interest securities

-€2,547m

Non-fixed-interest securities

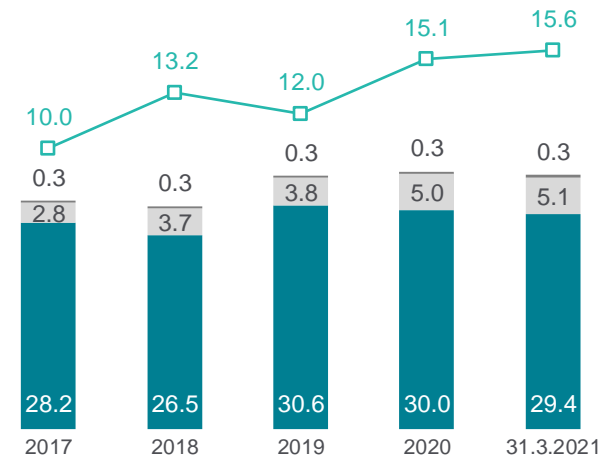
€449m

Exchange rates

Mainly driven by US\$

Capitalisation

€bn

Debt leverage¹ (%)Senior and other debt²

Subordinated debt

Equity

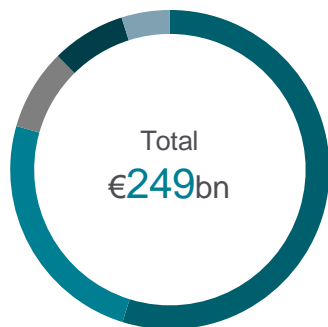
1 Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

2 Other debt includes Munich Re bank borrowings and other strategic debt.

Investment portfolio

Investment portfolio¹

%



■ Fixed-interest securities	54.8	(55.3)
■ Loans	24.6	(25.6)
■ Miscellaneous ²	8.2	(7.9)
■ Shares, equity funds and participating interests ³	7.5	(6.4)
■ Land and buildings	4.9	(4.8)

Portfolio management

- Increase of equity exposure due to investments and favourable development of stock markets
- Expansion of emerging-market and high-yield corporate bonds at the expense of covered bonds
- Reinvestment yield up to 1.5%
- Asset duration decreased due to higher interest rates and active reduction

¹ Fair values as at 31.3.2020 (31.12.2020). ² Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in infrastructure, renewable energies and gold. ³ Incl. derivatives: 6.9% (60%).

Investment result

€m	Q1 2021		Return ¹	Q1 2020		Return ¹
Regular income	1,429		2.3%	1,544		2.5%
Write-ups/write-downs	–171		–0.3%	–1,459		–2.4%
Disposal gains/losses	983		1.6%	377		0.6%
Derivatives ²	–368		–0.6%	1,600		2.6%
Other income/expenses	–182		–0.3%	–142		–0.2%
Investment result	1,691		2.7%	1,920		3.1%
Total return			–8.3%			–0.1%


3-month reinvestment yield	Q1 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives	Q1 2020	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q1 2021	1.5%							
	Fixed income	–6	547	–209	Fixed income	–15	415	561
	Equities	–85	340	–193	Equities	–1,347	–322	1,073
Q4 2020	1.3%				Commodities/Inflation	29	0	–51
Q3 2020	1.3%				Other	–126	284	17

ERGO

ERGO Life and Health Germany

Gross premiums written

€m

Q1 2020		2,315
Foreign exchange		-1
Divestments/investments		0
Organic change		-50
Q1 2021		2,265

- **Life** (+€26m): Increase driven by growth through new products more than offsets ordinary back-book attrition
- **Health** (–€81m): Increase in supplementary insurance, negative COVID-19 effect in travel
- **Digital Ventures** (+€4m): Growth due to health business

Major result drivers

€m

	Q1 2021	Q1 2020	▲
Technical result	116	82	35
Non-technical result	20	-93	113
thereof investment result	898	839	59
Other	-42	17	-59
Net result	94	5	89

Technical result

Strong improvements in Q1 driven by:

- Good operative performance in health, lower claims and policyholder participation
- Lost premiums in travel more than offset by decreased claims due to reduced travel activity

Investment result

- Previous year impacted by capital market development, esp. in health
- Disposal gains exceed losses from derivatives in rising capital markets, higher ZZR funding compared with Q1 2020
- Return on investment of 2.8%

Other

- FX result of €12m in Q1 (Q1 2020: €20m)

ERGO Property-casualty Germany

Gross premiums written

€m

Q1 2020		1,439
Foreign exchange		-3
Divestments/investments		0
Organic change		99
Q1 2021		1,535

- Strong organic growth in almost all lines of business; mainly driven by liability (+€57m), fire/property (+€14m), marine (+€11m) and motor (+€10m)

Major result drivers

€m

	Q1 2021	Q1 2020	
Technical result	51	59	-8
Non-technical result	-15	-4	-11
thereof investment result	29	51	-22
Other	-12	-34	22
Net result	24	21	3

Technical result

Combined ratio of 94.2% (93.4%) above guidance level driven by:

- Usual seasonal fluctuations in claims and premiums as well as man-made losses above expectations, ...
- ... partially compensated for by lower cost, reduced claims frequency related to ongoing lockdown

Investment result

- Disposal gains compensate for losses from derivatives, prior year characterised by gains from derivatives in falling markets
- Return on investment of 1.6%

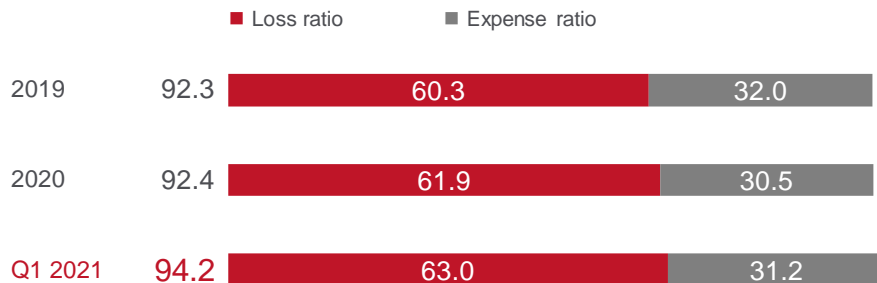
Other

- FX result of €3m in Q1 (Q1 2020: -€8m)

ERGO Property-casualty Germany

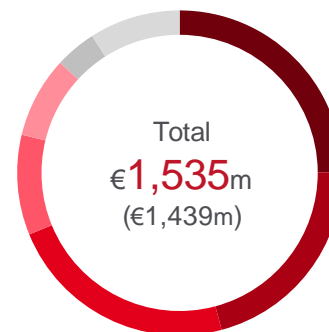
Combined ratio

%



Gross premiums written in Q1 2021 (Q1 2020)

€m




Motor	383 (373)	Legal protection	124 (123)
Fire/property	321 (307)	Marine	63 (52)
Liability	353 (295)	Other	139 (130)
Personal accident	153 (159)		

ERGO International

Gross premiums written

€m

Q1 2020		1,295
Foreign exchange		-24
Divestments/investments		-2
Organic change	■	93
Q1 2021		1,362

- **Life** (–€17m): Lower level due to run-down in Belgium and lower single premiums in Austria
- **Health** (+€24m): Positive business development in Spain
- **P-C** (+€61m): Increase driven by strong growth in Poland

Major result drivers

€m

	Q1 2021	Q1 2020	
Technical result	51	36	▲
Non-technical result	16	19	–3
thereof investment result	95	100	–5
Other	–7	–9	2
Net result	60	46	14

Technical result

- **Life**: Better result driven by Austria due to lower claims
- **Health**: Stable development
- **P-C**: Ongoing good operational performance driven by strong quarter in Poland and favourable claims development in Greece

Investment result

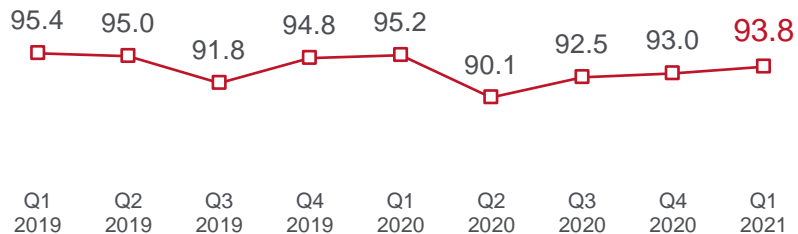
- Stable development, disposal gains compensate for losses from derivatives
- Return on investment of 1.9%

Other

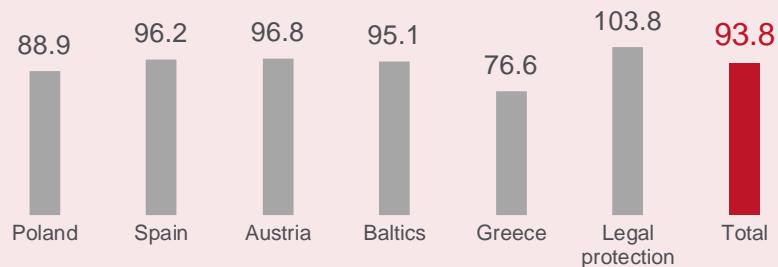
- FX result of €3m in Q1 (Q1 2020: €4m)

ERGO International

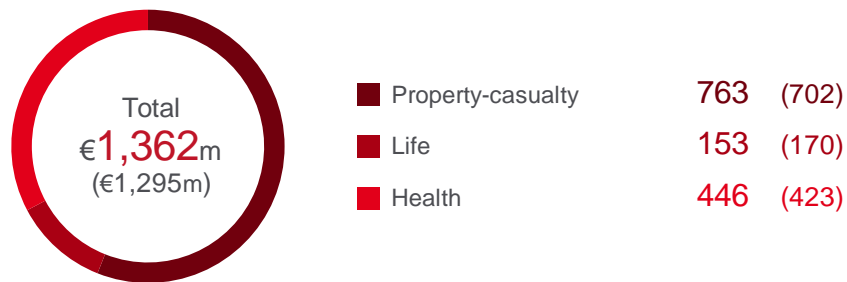
Combined ratio %



Q1 2021



Gross written premiums in Q1 2021 (Q1 2020) €m





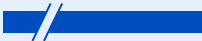
P-C	Q1 2021	Q1 2020	Life	Q1 2021	Q1 2020
Thereof:			Thereof:		
Poland	419	375	Austria	76	89
Legal protection	194	179	Belgium	33	38
Greece	60	57			
Baltics	48	48	Health	Q1 2021	Q1 2020
Austria	32	29	Thereof:		
			Spain	274	256
			Belgium	173	167

Reinsurance

Reinsurance Life and Health

Gross premiums written

€m

Q1 2020		3,079
Foreign exchange		-123
Divestments/investments		0
Organic change		103
Q1 2021		3,058

- Negative FX effects mainly driven by US\$
- Premium growth mainly from US, Europe and Asia

Major result drivers

€m

	Q1 2021	Q1 2020	▲
Technical result	-4	14	-18
Non-technical result	109	52	57
thereof investment result	245	226	19
Other	-53	-58	5
Net result	52	8	44

Technical result, incl. fee income of €51m (€56m)

- Slightly negative technical result due to prevailing pandemic
- COVID-19-related losses of €167m – higher-than-expected burden driven by winter spike in the US and severe second wave in South Africa
- Apart from COVID-19, very favourable aggregate experience, specifically in the US and Europe
- In Australia, positive impact on claims reserves in response to rising interest rates
- Ongoing pleasing fee income

Investment result

- Increase due to disposal gains on equities and fixed income investments
- Return on investment: 3.3%

Other

- FX result of -€8m (Q1 2020: -€6m)

Reinsurance Property-casualty

Gross premiums written

€m

Q1 2020		6,156
Foreign exchange		–399
Divestments/investments		0
Organic change		574
Q1 2021		6,330

- Negative FX effects mainly driven by US\$
- Organic growth across almost all lines of business
- Risk Solutions: Substantial growth across all units
- Core reinsurance: Strong development from new business, but also benefits from primary rate increases in proportional business

Major result drivers

€m

	Q1 2021	Q1 2020	▲
Technical result	265	–74	339
Non-technical result	187	306	–118
thereof investment result	423	703	–281
Other	–94	–91	–3
Net result	358	141	218

Technical result

- Higher-than-average major losses, including severe cold spell in the US (particularly Texas, ~ €450m) and COVID-19-related claims of ~ €100m
- Expense ratio improved due to cost reductions and hardening market environment
- Underlying performance remains sound – normalised combined ratio at 95.4%

Investment result

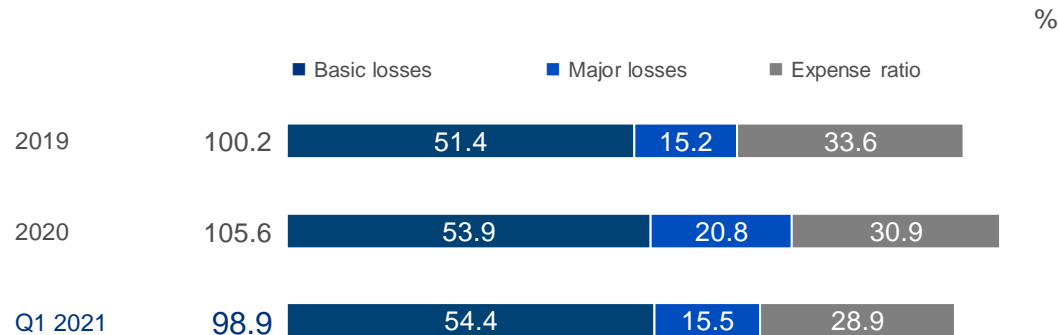
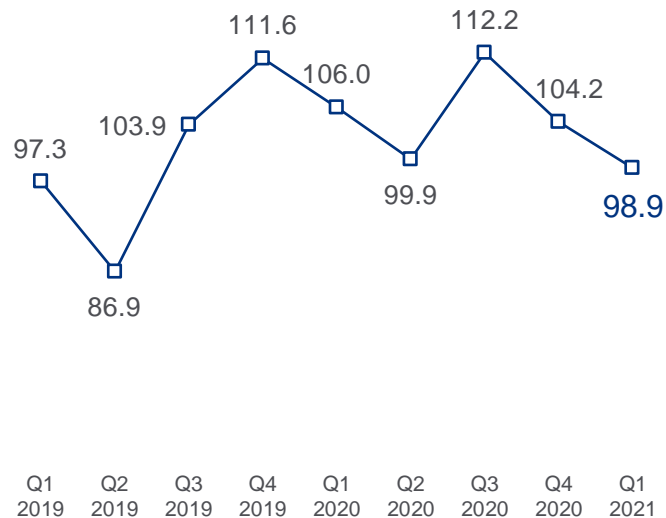
- Disposal gains on equity- and fixed-income investments more than offset losses from derivatives used for hedging
- Return on investment: 2.5%

Other

- FX result of –€33m (Q1 2020: +€134m)

Reinsurance Property-casualty

Combined ratio



	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
Q1 2021	15.5	11.2	4.3	−4.0	95.4
Ø Annual expectation	~ 12.0	~ 8.0	~ 4.0	~ −4.0	

1 Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects.
 2 Based on reserve releases of 4%-pts.

Positive price dynamics continue

April renewals 2021

%	100	-6.2	93.8	+12.9	10.5	117.1
€m	1,952	-122	1,830	+251	+205	2,286

Change in premium

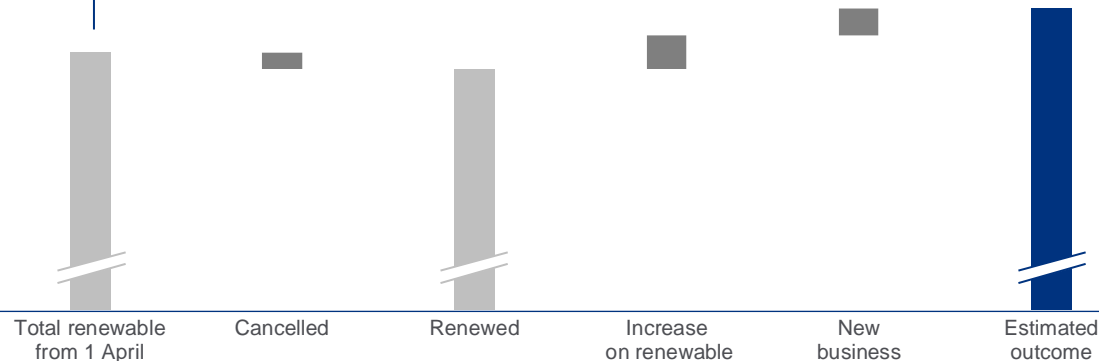
+17.1%

Thereof price movement¹

~ 2.4%

Thereof change in exposure for our share

+14.7%



- Positive price development overall, with varying trends depending on claims experience and market situation
- Growth opportunities exploited in Asia in particular, with a focus on Japan and India, as well as with global clients

¹ Price movement is risk-adjusted, i.e. includes claims inflation/loss trend and is adjusted for portfolio mix effects. Furthermore, price movement is calculated on a wing-to-wing basis (including cancelled and new business).

Outlook

Group	Gross written premium ~ €57bn (prev. ~ €55bn)	Net result ~ €2.8bn	Return on investment >2.5%	
ERGO	Gross written premium ~ €17.5bn	Net result ~ €0.5bn	Combined ratio P-C Germany ~ 92%¹	International ~ 93%
Reinsurance	Gross written premium ~ €39bn (prev. ~ €37bn)	Net result ~ €2.3bn	Combined ratio P-C ~ 96%²	Technical result, incl. fee income in Life and Health ~ €400m

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular of the results, financial situation and performance of our Group. Obvious fluctuations in the incidence of major losses as well the pronounced volatility of the capital markets and exchange rates – as well as the special features of IFRS accounting – make an accurate forecast of results impossible. Moreover, there is considerable uncertainty regarding the further development of the coronavirus pandemic. The Group assumes no liability to update these forward-looking statements or to make them conform to future events or developments. Figures from Q1 2019 onwards are restated reflecting the new cost-allocation method. Due to rounding, there may be minor deviations in summations and in the calculation of percentages in this presentation.